



# **State of Montana**

## **Montana Lottery**

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# **2012 Agency Biennial IT Report**

## **Fiscal Year 2011-2012**

August 2012

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## EXECUTIVE SUMMARY

During the second year of this biennium the Montana Lottery increased its retailer base by 20% and has generated more revenue than ever for State programs as determined by the Legislature.

The Lottery has introduced two new types of terminals to retailers. The first is a winStation which is a player operated terminal offering lotto tickets as well as vending scratch tickets. These are usually placed in grocery stores near customer service counters. The second type is a player activated terminal that doesn't sell scratch tickets but offers lotto tickets and is the only source for the Lottery's fantasy games. This terminal is usually placed in bars and casinos. These new types of terminals have greatly contributed to the increase in the retailer base to over 800 retailers.

In 2014, the Lottery must begin the process for a request for proposal for the Lottery on-line operating system so that the new contract will be in place when the current one expires on 31 March 2016. This is not an EPP action and requires no funding. Our on-line operating system contractor receives a percentage of all ticket sales.

The Montana Lottery continues to keep software and hardware systems aligned with the needs of the users, State standards, available budget dollars and the latest technology.

| <b>Initiative Status</b>  | <b>Total</b> | <b>Fully Funded</b> | <b>Unfunded</b> | <b>Partially Funded</b> |
|---------------------------|--------------|---------------------|-----------------|-------------------------|
| Completed                 |              |                     |                 |                         |
| Substantially Completed   |              |                     |                 |                         |
| Deferred                  |              |                     |                 |                         |
| Delayed                   |              |                     |                 |                         |
| Cancelled                 |              |                     |                 |                         |
| Remain on-going by design | 1            | N/A                 |                 |                         |

## SECTION 1: AGENCY IT PLAN ACCOMPLISHMENTS – GOALS & OBJECTIVES

### *Goal Number 1:*

**IT Goal 1**            Maximize state revenues and increase the number of retailers.

Description: The Lottery must continue to increase the number of retailers always including a more diverse mix of retailers. The Lottery must always strive to offer games that are attracted to our core base of players as well as offer games that attract different groups of users.

Benefits: The State of Montana will benefit from an increased amount of funds put into the General Fund. Our retailers will have increased sales and thereby increase their commissions. Players will benefit by being able to play more and different games. Retail locations will be more numerous which will be a greater convenience to the players.

We help create jobs and a favorable business climate and at the same time improve government services.

### **Supporting Objective/Action**

**Objective 1-1**        Increase the Number of Retailers

Accomplishments: We are always seeking ways to improve retailer sales. This is being done by finding new retailers and/or increasing sales of present retailers by added displays, games or incentives. We have obtained 2 different retailer terminals. The first is the MP, a player activated terminal selling terminal generated tickets including lotto and Fantasy Racing tickets but no scratch tickets can be sold. These are for use in bars and casinos. The second kind of terminals, the winStation, is a vending machine like terminal able to sell scratch tickets and lotto game tickets operated by the player. These are primarily located in grocery stores near their courtesy counters. We have over 170 MP's and 58 winStations. Overall, we have had a 20% increase of retailers from FY 2010 to the present.

Status: On-going

**IT Goal 2**            Maintain Administrative Information Technology System within State of the Art Technology

Description: We would strive to operate and maintain a state of the art administrative LAN, but still keep within budget and State IT standards.

Benefits: The Lottery staff and the taxpayers of Montana benefit by having the Lottery utilize a cost effective, well maintained administrative network set by State IT standards.

We are providing the Lottery staff with state of the Art technology to better perform their jobs while maintaining State standards published by ITSD and keeping within budget guidelines.

### **Supporting Objective/Action**

**Objective 2-1**        Provide Lottery employees with state of the art personal computers and fast and efficient connections to the State LAN and to the Lottery Operating system.

Accomplishments: PCs have a 5 year life cycle and must be replaced. We will replace approximately 20% of the administrative PCs every year and the administrative server once every 5 years.

Status: On-going

Status: `Completed, Substantially Completed, Deferred, Delayed, Cancelled, or on-going>

## SECTION 2: IT INITIATIVES STATUS UPDATES

### **Initiative 1**      Replace the current contractor responsible for the Lottery Operating System

Description: The current contract for the operating and maintaining of the Lottery Operating system will expire in March 2016. This system includes the accounting, validation, inventory, distribution and the paying of winners of scratch tickets and the generation, validation, and accounting of the terminal generated lotto games. The contract also includes all hardware, software and communications connecting the more than 800 retailers across the state. The Lottery must start the request for proposal process by mid 2014. This project does not require any funding from the State Legislature. The contractor is paid a percentage of each retailer sale.

EPP Number:    N/A

Status:            On-going

Funding:         N/A

(Copy and paste the above format here to describe additional IT Initiatives.)

## SECTION 3: ADDITIONAL INFORMATION - OPTIONAL

Other types of information that your agency may wish to report as accomplishments or challenges related to achieving the Goals, Objectives, and Initiatives outlined in your 2010 IT plan and 2011 IT plan update.